

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

IN RE: §
§
GREEN AGGREGATES, INC. § CASE NO. 07-53439-rbk
a/k/a Garland GAI, Inc. §
§
(Debtor) § (Chapter 11)
|

**MOTION TO AMEND ORDER AUTHORIZING
POST-PETITION SECURED INDEBTEDNESS**

TO THE HONORABLE RONALD B. KING, UNITED STATES BANKRUPTCY JUDGE:

Ray Battaglia, Chapter 11 Trustee for Green Aggregates, Inc., files this Motion to Amend Order Authorizing Post-Petition Secured Indebtedness (the "Amended Motion"), as follows:

I. JURISDICTION

1. This Court has jurisdiction over the Debtor's case, the parties, and the property affected hereby pursuant to 28 U.S.C. §§ 157(b)(2)(D) and 1334. The subject of this Motion is a "core" proceeding within the meaning of 28 U.S.C. § 157. Venue of the Debtor's Chapter 11 case and this Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

II. CASE BACKGROUND

2. On December 31, 2007, (the "Petition Date"), Debtor filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* (as amended, the "Bankruptcy Code").

3. Ray Battaglia was appointed Chapter 11 Trustee ("Trustee") on March 28, 2008. On or about April 3, 2008, the Trustee filed his Emergency Motion For Order Authorizing Post-Petition Secured Indebtedness (the "DIP Motion"). The Court held an interim hearing on the DIP Motion on

April 4, 2008 and entered an interim order on April 8, 2008 *nunc pro tunc* as of April 4, 2008 (the “Interim Order”). The Interim Order approved a post-petition credit facility for the Debtor through Presidential Financial Corp., and an additional overadvance funded by First KT Lending, LLC in the amount of \$250,000.

4. On May 14, this Court entered Orders from the Bench substantively consolidating the assets and liabilities of Garland GAI, Inc. with the Debtor. Prior to the consolidation order, Garland GAI, Inc. had an operating credit facility with Presidential Financial Corp, the Debtor’s post-petition lender.

5. As a consequence of the consolidation of Garland GAI, Inc. and the increased level of operations, the Trustee requested an increase in the overadvance funded by First KT Lending, LLC (“KT Lending”) from \$250,000 to \$400,000. The Court entered orders approving the DIP Motion as amended and authorizing the increase in the amount of the overadvance by KT Lending.

6. The transition from the operations of the Debtor under old management to management under the Trustee and his Court approved operator have been difficult. Prior to the appointment of the Trustee, the Debtor’s operations had virtually ceased. Wages owed to the Debtor’s employees were unpaid, post-petition obligations to lessors and trade creditors were unpaid, and equipment was in serious disrepair and due to the unreliability of the Debtor’s production. Due to the unreliability of production, customers were abandoning the Debtor.

7. Since the Trustee has assumed control of the Debtor’s operations, great strides have been made to restore and improve the Debtor’s operations. Congress Materials was hired to manage the Debtor’s operations. The DIP facility was approved to provide urgently needed operating capital to the Debtor. Back wages to employees have been paid and the stability of the Debtor’s workforce restored. Post –petition defaults on leases and trade debt have been cured. Equipment has been repaired and where needed, supplemented with new or leased equipment. Interim agreements have

been reached with certain equipment lenders and leaseholders to provide them with adequate protection for the use of their property or collateral (as the case may be).

8. In order to implement the much needed corrections to the Debtor's operations, the estate has been burdened with considerable costs to (i) cure unpaid post petition obligations left by the Debtor, (ii) fund start up costs to restore the Debtor's operations and (iii) pay for equipment repairs made to date. These considerable costs and the resulting negative operating cash flow have been funded through the DIP credit facility.

9. While the Debtor has not operated profitably post petition, continuing improvement is evident. The improvement in the Debtor's operations is reflected in the monthly financial statements. In April 2008, the Debtor had gross revenue of only \$70,603. May 2008 was the first month in which the operations of Garland GAI and the Debtor were consolidated, and also reflects the first month of meaningful efforts to stabilize and restore the Debtor's operations. The Debtor's gross revenues for May 2008 climbed to \$102,458. Gross revenues for June 2008 exceeded \$170,000 and gross revenues for July 2008 had will be approximately \$250,000. Congress Materials projects that gross revenues for August 2008 will approach \$300,000.

10. In order to sustain the reorganization of the Debtor's financial affairs and as a direct result of the expenditures outlined above, the Trustee requests that the Court enter orders approving an increase in the amount of the DIP credit facility from \$900,000 to a cap of \$1.75 million. Under the terms of the DIP credit facility as revised pursuant to this Motion, Presidential will increase maximum amount it will advance from \$500,000 to \$1.25 million, subject to the terms, conditions and formulas previously approved by this Court in its "Final Order Authorizing Debtor to Enter Into Post-Petition Financing Agreement and Obtain Post-Petition Financing Pursuant to Sections 105, 361, 362, and 364 of The Bankruptcy Code and Granting Liens, Security Interests and Superpriority Claims" (the "Final DIP Order"). KT Lending's overadvance capacity would increase

from \$400,000 to \$650,000, but in no event would the total amount advanced exceed the \$1.75 million cap on the credit facility.

11. Good cause exists for the entry of an Order granting the relief requested herein, pursuant to Fed. R. Bankr. P. 4001. In particular, the relief requested herein to obtain post-petition financing thereunder is necessary to avoid harm to the Debtor and its businesses. This relief will also minimize disruption of the Debtor's operations, and is in the best interest of the Debtor, its creditors and its estate.

WHEREFORE, PREMISES CONSIDERED, Trustee respectfully requests that this Court enter an order approving the terms of the Trustee's Post Petition Secured Indebtedness as set forth in the Final DIP Order as modified in this Amended Motion, and granting such other and further relief to which the parties may be entitled.

Respectfully submitted this the 29th day of July, 2008,

OPPENHEIMER, BLEND,
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711 Navarro, Sixth Floor
San Antonio, TX 78205
Telephone: (210) 224-2000
Facsimile: (210) 224-7540

By: /s/ Raymond W. Battaglia.
Raymond W. Battaglia
State Bar No. 01918055
Debra L. Innocenti
State Bar No. 24046135

ATTORNEYS FOR RAYMOND W. BATTAGLIA,
CHAPTER 11 TRUSTEE

CERTIFICATE OF SERVICE

I hereby certify that I have served a true and correct copy of the above and foregoing document by First Class mail, postage prepaid, or by electronic mail on this the 29th day of July, 2008, addressed to the following parties:

Creditors Matrix (Attached Hereto)

United States Trustee
P.O. Box 1539
San Antonio, TX 78295-1539

/s/ Raymond W. Battaglia

Raymond W. Battaglia

**Green Aggregates, Inc.
Case No. 07-53439-rbk
Limited Service Matrix**

William R. Davis, Jr.
Langley & Banack, Inc.
745 E. Mulberry, Suite 900
San Antonio, TX 78212

Secured Creditors

Cooke county Appraisal District
201 North Dixon
Gainesville, TX 76240

Equity Bank, SSB
5221 Spring Valley, #415
Dallas, TX 75254

John Deere Construction
6400 NW 86th St.
P.O. Box 6600
Johnston, IA 50131-6600

Wise Appraisal District
400 E. Business Hwy. 380
Decatur, TX 76234-3165

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San Antonio, TX 78212

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Little Rock, AR 72231-8811

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1877 Airport Loop Road
Kerrville, TX 78028

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5347 Hwy. 27
Kerrville, TX 78028

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County of Dallas
David Childs – Tax Assessor
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Dallas, TX 75313-9066

Ford Motor Credit Company
260 Interstate North Circ. SE
Atlanta, GA 30339

Peoples Capital & Leasing Corp.
255 Bank St., 4th Floor
Waterbury, CT 06702

Requests for Notice

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Garland, TX 75046-1508

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Greenville, TX 75402

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20 Largest Unsecured Creditors

Comptroller of Public Accounts
Capitol Station
Austin, TX 78774-0100

Equity Bank, SSB
1221 Spring Valley, #415
Dallas, TX 75254

Internal Revenue Service
P.O. Box 21126
Philadelphia, PA 19114

Dial Lubricants
P.O. Box 540607
Dallas, TX 75354-0607

Holt Texas, Ltd.
c/o Jones, Allen & Fuquay
8828 Greenville Avenue
Dallas, TX 75243

Small Business Administration
10737 Gateway West, #300
El Paso, TX 79935

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Houston, TX 77010

RAI/CCS
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Bridgeport, TX 76426

Reeder Distributors
P.O. Box 225264
Dallas, TX 75222-5264

Austin Powder Company
P.O. Box 6049C
Cleveland, OH 44191

Powerscreen Texas, Inc.
c/o Martini, Hughes & Grossman
1040 S. Federal Hwy., #100
Delray Beach, FL 33483

Frank Bartel Tire, Inc.
P.O. Box 727
Aubrey, TX 76227

William & Suan Muncaster
2768 County Rd. 334
Decatur, TX 76324

Alliance Haulers, Inc.
P.O. Box 849873
Dallas, TX 75284-9873

GCR Tire Centers
3100 North Freeway
Ft. Worth, TX 76111

J&W Sand & Gravel, Inc.
3224 Bryn Mawr Drive
Dallas, TX 75225

Garland Aggregates, Inc.
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Kerrville, TX 78028

Texas Workforce Commission
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